

Office of Internal Audit Services

Corrective Action Plan Processing and Oversight

House Oversight Committee

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Corrective Action Plan (CAP) Overview

- Audit reports typically contain an agency response immediately following the findings and recommendations.
- However, subsequently requiring a CAP is a best practice, because it provides an agency acknowledgement of the weakness, a commitment to improve operations via corrective actions, and allows the agency a short time period to develop a comprehensive, corrective plan.

Statutory Requirement for CAPs

Michigan Compiled Laws Section 18.1462 requires an agency's principal executive officer to submit a plan to address any recommendations, within 60 days of an audit report's release.

Federal regulations also require CAPs for weaknesses noted within federal program audits.

State Policies for CAPs

- State policy, contained with the *Financial Management Guide*, Chapter 4, Section 100, provides the policy, specific instructions, and expectations regarding CAPs.
- Requires submission of a preliminary CAP to the State Budget Office - Office of Internal Audit Services (OIAS) within 60 days of report release.

Corrective Action Plans

Process Flow

- OIAS receives preliminary CAP. State policy allows 30 days for OIAS's review.
- CAP required elements:
 - Table summarizing recommendations the agency has complied with, will comply, or disagrees and will not comply.
 - Detailed actions the agency has taken, will take to foster compliance, or reasons for disagreement.
 - A timeline for implementing corrective actions.
- Upon its acceptance, OIAS notifies the department to issue the CAP as final.

Corrective Action Plans Process Flow

- Department distributes final CAPs to:
 - Executive Office
 - Office of the Auditor General (OAG)
 - Relevant House and Senate Appropriation Sub-committees
 - Relevant House and Senate Standing Committees
 - House and Senate Fiscal Agencies
 - Internally within department
- The OAG publishes final CAPs on its website immediately following the audit report.

OIAS Ongoing Oversight of CAPs

- OIAS sends notices to departments every six months until they indicate compliance with material findings contained in audit reports.
- During audit planning process, OIAS assesses prior material weaknesses which are ready for a formal, follow-up review. Generally occurs 18 months after the dept. indicates compliance, which allows time to implement the corrective actions and ensure they function as intended.

Questions?

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